## Message Text

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INFO OCT-01 ISO-00 ARAE-00 AID-05 IGA-02 SNM-02 DEAE-00 L-03 TRSE-00 NSC-05 /028 W

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R 041602Z MAR 77 FM AMEMBASSY BOGOTA TO SECSTATE WASHDC PRIORITY 259

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E.O. 11652: N/A

SUBJECT: HELICOL SERVICES CONTRACT

REF: BOGOTA 1484

1. AMBASSADOR HAS RECEIVED LETTER FROM MINJUSTICE TRANSMITTING RESULTS
OF CONTRACT NEGOTIATION BETWEEN GOC AND HELICOL AND A DRAFT COPY OF CONTRACT.

2. FOR DEPARTMENT'S INFORMATION, TRANSLATED TEXT OF MINNJUSTICE LETTER  $\,$ 

HEREWITH SUBMITTED:

QUOTE AS A RESULT OF OUR MEETING HELD IN MY OFFICE, SEVERAL MEETINGS HAVE BEEN HELD WITH THE DIRECTORS OF HELICOL IN ORDER TO DECIDE ON THIRD PARTY LIABILITY AS A RESULT OF THE OPERATION OF AIRCRAFT TO BE USED IN THE CONTROL OF DRUG TRAFFIC. THE FOLLOWING CONCLUSIONS WERE REACHED:

1. PURSUANT TO THE AGREEMENT, NEITHER THE UNITED STATES
GOVERNMENT, NOR AID, NOR ITS AGENTS OR STAFF CAN BE HELD LIABLE FOR
DAMAGES TO A THIRD PARTY, UNLESS THE DAMAGES ARE CAUSED BY GROSS
NEGLIGENCE OR WILLFUL MISCONDUCT.
FOR THE GOVERNMENT OF COLOMBIA, HELICOL, AND OTHER ENTITIES
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OR PERSONS, LIABILITY FOR DAMAGES CAUSED TO A THIRD PARTY WILL BE ASSUMED BY THE PARTY HAVING CAUSED THEM, EXCEPT FOR DAMAGES TO THE AIRCRAFT, WHICH WILL BE ASSUMED TOTALLY BY THE GOVERNMENT OF COLOMBIA.

2. ACCORDING TO THESE ESTIMATES, HELICOL SHOULD GET ONLY THIRD PARTY INSURANCE IN THE AMOUNT OF TEN MILLION DOLLARS, WHICH HAS

## A PREMIUM OF US\$44,731.18.

3. HELICOL HAS SUGGESTED THAT SMALL MODIFICATIONS BE MADE TO SEVERAL CLAUSES IN THE CONTRACT BETWEEN THE GOVERNMENT AND HELICOL

## AS FOLLOWS:

- (A) ADD TOCLUSE THREE THE FOLOWING: "EXCEPT FOR THE EVENTS COVERED UNDER ARTICLE FIVE OF THIS CONTRACT, IN WHICH THE AIRCRAFT WILL BE RETURNED IN ITS CURRENT CONDITION."
- (B) ADD TO CLAUSE EIGHT THE FOLLOWING: "EXCEPT FOR AN ACT GOD, FORCE MAJEURE, LABOR PROBLEMS, OR UNAVAILABILITY OF HELICOL'S OWN EQUIPMENT PROVIDED IN LETTER (C) OF CLAUSE TWO OF THIS CONTRACT. LIKEWISE, HELICOL WILL NOT BE HELD RESPONSIBLE FOR FAILURE TO COMPLY IF AID DOES NOT COMPLY WITH OR DELAYS ITS PAYMENTS WITHOUT JUSTIFICATION UNDER THIS CONTRACT OR UNDER THE CONTRACT TO BE SIGNED WITH HELICOL IN ACCORDANCE WITH CLAUSE FOUR OF SAID CONTRACT."
- (C) FINALLY, IT IS SUGGESTED THAT THE NAME OF THE PERSON WHO WILL SIGN ON BEHALF OF THE UNITED STATES GOVERNMENT BE SPECIFIED IN THE CONTRACT TO AVOID DELAYS IN ITS EXECUTION (CLAUSE ELEVEN). I AM ENCLOSING HEREWITH A NEW DRAFT OF THE CONTRACT AND IF YOU FIND IT CONVENIENT, IT CAN BE JOINTLY SUTIDIED BY AID, HELICOL, AND MINISTRY.
- 3. AID LEGAL COUNSEL HAS REVIEWED COPY OF DRAFT GOC/HELICOL

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END QUOTE.

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CONTRACT. THOUGH WE HAVE NOT IN ANY WAY CONCURRED IN GOC APPROACH TO NEGMTIATE CONTRACT DIRECTLY WITH HELICOL NOR EXPRESSED AN OPINION WOULD BE OBJECTIONABLE TO US IN ANY EVENTUALITY. THEY ARE: QUOTE SEVENTH CLAUSE: "CADUCIDAD" - (TERMINATION FOR DEFAULT) THE GOVERNMENT

RESERVES THE RIGHT TO TERMINATE THIS CONTRACT FOR REASONS OF "CADUCID AD"

BASED UPON ANY OF THE CAUSES OF TERMINATION PROVIDED IN ARTICLE 39 OF

DECREE 150 OF 1976, THEREOF." END QUOTE. AND QUOTE ELEVENTH CLAUSE: CONTRACT VALIDITY - THIS CONTRACT WILL BE VALID UPON ITS PUBLICATION AT THE "DIARIO OFICIAL" AND THE PAYMENT OF THE REGISTRATION TAXES BY HELICOL. SINCE THE PAYMENT OF COSTS OF THIS CONTRACT ARE TO BE MADE BY THE USGOVERNMENT, AS PROVIDED IN THE FOURTH CLAUSE, THIS CONTRACT AND ANY AMENDMENT THERETO MUST BE PREVIOUSLY APPROVED BY THE DIRECTOR OF USAID. END QUOTE.

4. THE PAYMENT OF REGISTRATION TAXES BY HELICOL AS REQUIRED IN THE DRAFT CLAUSE WOULD BE UNACCEPTABLE IN THAT THE USG WOULD, EFFECT, BE

PAYING THESE TAXES IN VIOLATION OF USAID BILATERAL AGREEMENT.

5. AMBASSADOR PLANS MEET WITH MINISTER TO PRESENT USG RESPONSE TO GOC/HELICOL CONTRACT. MAJOR ISSUE CONTINUES TO BE PAYMENT OF THIRD PARTY LIABILITY IN THE AMOUNT OF \$44,731.18 FOR THE FIRST YEAR, AND

POSSIBLY EQUAL AMOUNT OF MORE FOR THE SECOND YEAR OF THE PROAG. OTHER

ISSUES NOTED IN DRAFT CONTRACT WE BELIEVE COULD BE NEGOTIATED OUT, IF

USG ACCEPTS GOC POSITION AS STATED IN MINISTER'S LETTER.

6. EMBASSY SOLICITS DEPARTMENT'S GUIDANCE PRIOR TO ARRANGING MEETING BETWEEN AMBASSADOR AND MINJUSTICE.
DECONTROL FOLLOWING MARCH3, 1978.
SANCHEZ

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